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**Before the Senate Foreign Relations Committee:  
China's Role in Latin America And The Caribbean  
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Chairman Kaine, Ranking Member Rubio, and distinguished members of the Committee, thank you for the opportunity to testify on the influence of the People's Republic of China (PRC) in the Latin American and Caribbean (LAC) region.

For decades, the U.S. Agency of International Development (USAID) has been a steadfast and reliable partner to the people of Latin America and the Caribbean (LAC) to build a more democratic, prosperous, and secure region. As close neighbors, we share interests, values, and goals. USAID is glad to be part of a whole-of-government approach to countering PRC influence in the region.

While the United States' partnership with the LAC region remains strong, concerns about the PRC's growing footprint are real and warranted. We have observed that the PRC's strategy in the Western Hemisphere is broad and includes economic ties, infrastructure investments, security sector support, education and research programs, as well as disaster and COVID-19 response assistance.

For example, Chinese companies, which often have close ties to the Chinese Communist Party (CCP), invested over \$130 billion in the region over the past two decades, with significant investments in Brazil and Peru in particular. Most PRC investment in the region is in energy, extractives, and infrastructure. The China Development Bank and the China Export-Import Bank have provided nearly \$140 billion in loans since 2005.

We are concerned about the coercive, exploitative, and predatory tactics that the PRC often employs. For example, when Ecuador defaulted on its debts under the Correa Administration, the PRC provided a lifeline with loans and financing. Chinese state-owned banks have provided Ecuador with an estimated \$8 billion or more in non-transparent loans with undisclosed conditions, while Chinese companies have provided other forms of financing. The loans were used to fund a number of public works projects, several of which are now under investigation due to questionable standards and lax planning. The Coca Codo Sinclair Dam in particular was riddled with cracks and caused significant erosion. Moreover, the PRC negotiated debt payment plans that require Ecuador to hand over the vast majority of its extracted petroleum to China—that is up to 80 to 90 percent of its oil production by some estimates. This constrains Ecuador's own economic development and sovereignty.

While Chinese investment has increased significantly over the past two decades, governments are increasingly aware of the downsides of working with the PRC and continue to approach the U.S. as their partner of choice. USAID tracks perceptions of the PRC across Latin America and the Caribbean through

its support of the Americas Barometer public opinion survey. According to the survey, trust in the PRC government declined from 58.2 percent in 2012 to 38.2 percent in 2021, while trust in the United States government declined less precipitously from 65 percent to 56.7 percent over the same period. However, trust in the United States government has rebounded significantly -- by more than 18 percentage points -- since its low of 38.6 percent just two to three years ago.

To remain the LAC region's partner of choice, USAID, as part of the whole U.S. government approach, does not take a coercive, manipulative approach like the one the PRC promulgates. We advance an affirmative American agenda that demonstrates the clear advantages of democracy, economic freedom, and rule of law as the best foundations to foster the open, just, transparent, and sovereign societies we want to see in the hemisphere and around the world.

USAID focuses its assistance on transparent and fair procurement reform to attract sustainable private investment; financial and transactional assistance for energy and infrastructure investment; cybersecurity support; combatting China's illegal fishing practices; climate change and disaster resilience; and the democratic rule of law and anti-corruption. USAID is notably looking at the Caribbean, where PRC interest has been growing, but is not yet as deeply entrenched as it is in many other parts of the region, giving us a greater opportunity to be effective with our comparatively modest resources.

We are putting our plan into action. In the Dominican Republic, where a reform-minded government has publicly committed to more transparent and accountable governance, USAID is working with the U.S. Army Corps of Engineers (USACE) to develop a competitive and fair tendering process for a major infrastructure improvement project at the Port of Manzanillo. This will level the playing field for American and allied investors.

In Ecuador, El Salvador, Guatemala, and Honduras, USAID is working with host governments and the private sector to create a welcoming environment for private investment by strengthening public procurement systems in the infrastructure, energy, or telecommunications sectors, with the goal of increasing their transparency, efficacy in the use of public funds, and adherence to international best practices. USAID is working with all stakeholders in the implementation, monitoring, and evaluation of these efforts and raising public awareness of the relevance and importance of efficient and transparent business transactions.

USAID is also expanding its work in the digital space to offer partner nations secure alternatives with respect to 5G technology and cybersecurity. USAID's Innovation, Technology, and Research Hub is helping advance cybersecurity and connectivity objectives in the region. For example, in Peru, USAID provides technical assistance to the Ministry of Transport and Communications to help strengthen digital security, data governance, digital innovation, artificial intelligence, and 5G radio spectrum policy frameworks. In the Eastern and Southern Caribbean, USAID is conducting a Regional Digital Ecosystem Assessment, which identifies cybersecurity vulnerabilities, while advancing improvements to the broader enabling environment for digital development.

To support democracy, transparency and the free flow of information, USAID works closely with civil society and the independent media to strengthen their capacity to engage in oversight and promote

accountability, amplify their voice, sustain operations, and conduct their work in safety. We have seen PRC efforts in the region to promote a distorted or misleading version of Chinese history and project a positive but incomplete picture of the PRC's motives in the region. USAID's partners play a key role in providing unbiased and objective information to inform citizens about the role of China and other external actors in the region. Among other elements, USAID assistance involves support to counter laws and policies that seek to restrict civil society's ability to operate; support for core activities - such as social audits, investigative journalism, countering mis- and disinformation - and organizational strengthening; and support for digital and physical security. This work is backed by research that examines information ecosystems and the influence of external actors to inform potential policy and programmatic responses.

USAID's long history of providing both urgent humanitarian assistance and long-term development assistance to countries throughout Latin America and the Caribbean have been a hallmark of the United States' close partnership with the region. U.S. assistance, embodied in the USAID handshake of partnership and the FROM THE AMERICAN PEOPLE tagline, is well recognized by the citizens of Latin America and the Caribbean for the spirit of generosity and support it represents. For decades, USAID has helped the region quickly respond to natural disasters – such as hurricanes, earthquakes, volcanic eruptions, and disease by providing life-saving relief like food, safe drinking water, medicines and shelter. Our development programs have helped build sustainable incomes, develop health systems, and expand educational opportunities. Citizens of the region know we are a steadfast partner who will be there at their time of need. China does not provide this kind of assistance.

In times of major need, such as the COVID-19 pandemic, we have stood up cross-cutting programs to address the health and economic impacts of the crisis. To date, the United States has provided approximately 65 million COVID-19 doses to the region with more on the way - with no strings attached. That is more vaccines than any other country has delivered in the region. To help get shots in arms, USAID has helped prepare countries to receive, distribute, and administer COVID-19 vaccines. USAID is helping countries implement national vaccination plans, including supporting health ministries with distribution plans, training vaccinators, establishing vaccination sites, cold chain management, communication strategies, and data strengthening.

Overall, USAID has mobilized \$524 million for the COVID-19 response across 29 countries in Latin America and the Caribbean to not only support vaccine delivery, but also to shore up the broader clinical, public health, and humanitarian response to the pandemic's impacts. We are mobilizing to address the pandemic's economic and broader secondary impacts as well. This includes responding to rising levels of food insecurity, and supporting the economic recovery of marginalized communities, migrants, and refugees with everything from job training and business financing to business development support.

Now, more than ever, the United States must stay on course to remain the global leader in international development. While the PRC will continue its efforts to gain influence in the region, the United States maintains an extraordinarily unique and powerful relationship with Latin America and the Caribbean, characterized by unparalleled family, historical, cultural, and trade ties. Those all serve to keep the fate of the United States bound with its closest neighbors and deepen our relationship beyond just a strategic partnership. We are a community with many shared democratic values and experiences.

USAID works day in and day out to strengthen these relationships. By working with our allies and partners, we can continue to make the entire Western Hemisphere stronger, more prosperous, and more secure.

Thank you, and I look forward to your questions.